

Message Text

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PASS E FOR BLACK, CEA FOR NORDHAUS, TREASURY
FOR JUNZ

E.O. 11652: N/A
TAGS: EGEN, OECD
SUBJECT: OECD MINISTERIAL PREPARATIONS: POSITIVE
ADJUSTMENT POLICIES

FOLLOWING IS TEXT OF SECRETARIAT'S REDRAFTED POSITIVE
ADJUSTMENT PAPER, WHICH HAS BEEN ISSUED AS ANNEX
TO C(78)94 (FINAL) COVERNOTE TO PAPER STATES THAT
"IN CONNECTION WITH ITEM 4 OF THE AGENDA, MINISTERS
ARE INVITED TO ENDORSE THE ATTACHED GENERAL ORIENTA-

TIONS FOR A PROGRESSIVE SHIFT TO MORE POSITIVE
ADJUSTMENT POLICIES WHICH IT IS SUGGESTED SHOULD
BE RELEASED TO THE PRESS AS AN ANNEX TO THE COM-
MUNIQUE."

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POLICIES FOR ADJUSTMENT: SOME GENERAL ORIENTATIONS

1. CERTAIN INDUSTRIES, REGIONS AND GROUPS IN THE
LABOR FORCE HAVE BEEN PARTICULARLY HARD HIT BY THE
SEQUENCE OF EVENTS SINCE THE EARLY 1970S - THE SYN-
CHRONOUS BOOM, INFLATION AND THE OIL CRISIS - WHICH

HAVE CHANGED RELATIVE PRICES, COST STRUCTURES AND PATTERNS OF DEMAND. ADJUSTMENT TO THESE CHANGES HAS BEEN RENDERED MORE DIFFICULT AND PAINFUL BY SLOW GROWTH, HIGH UNEMPLOYMENT AND LONGER-RUN TRENDS WHICH HAVE INCREASED FIXED COSTS.

2. GIVEN THE PERSISTENCE OF ABNORMALLY HIGH UNEMPLOYMENT THERE HAS BEEN A SHORT-TERM CASE TO CUSHION THE IMPACT OF THESE CHANGES BY SELECTIVE MEASURES DESIGNED TO MAINTAIN EXISTING EMPLOYMENT AND PRESERVE EXISTING INDUSTRIAL CAPACITY. OVER TIME, HOWEVER, THERE IS LIKELY TO BE A DETERIORATION IN THE TRADE-OFF BETWEEN THE SHORT-TERM ECONOMIC AND SOCIAL BENEFITS FROM SUCH MEASURES AND THEIR LONGER-RUN COSTS. ACTION TO PROVIDE HELP AT THE SPECIFIC POINT AT WHICH LABOUR IS ABOUT TO BE LAID OFF, OR COMPANIES TO GO OUT OF BUSINESS, WILL, IF ROLLED FORWARD, OFTEN TURN OUT TO BE ACTION TO SUPPORT EMPLOYMENT WHERE LABOUR IS BEING USED LEAST EFFICIENTLY OR TO PRODUCE PRODUCTS FOR WHICH THERE IS NO LONGER A MARKET. THE ECONOMY WILL GRADUALLY BECOME BOTH LESS PRODUCTIVE AND MORE INFLATION PRONE. MOREOVER, SUCH DOMESTIC MEASURES MAY HAVE MUCH THE SAME EFFECT AS PROTECTION AT THE FRONTIER IN ENABLING INEFFICIENT PRODUCERS TO COMPETE WITH FOREIGN SUPPLIERS AND IN LIMITED OFFICIAL USE

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DELAYING NECESSARY STRUCTURAL ADJUSTMENTS. THEY MAY BOTH CREATE A VESTED INTEREST IN PROTECTION IN THE COUNTRY CONCERNED, AND PROVOKE PROTECTIONIST REACTIONS IN OTHER COUNTRIES.

3. A MORE CONSTRUCTIVE APPROACH IS TO FURTHER ADJUSTMENT TO NEW CONDITIONS, RELYING AS MUCH AS POSSIBLE ON MARKET FORCES TO ENCOURAGE MOBILITY OF LABOUR AND CAPITAL TO THEIR MOST PRODUCTIVE USES. AT THE SAME TIME, GOVERNMENTS ARE PURSUING OTHER SOCIAL AND POLITICAL OBJECTIVES CONCERNING THE SOCIAL AND PHYSICAL ENVIRONMENTS, THE DISTRIBUTION OF INCOME, AND THE FAIR SHARING OF THE BURDEN OF ADJUSTMENT TO STRUCTURAL CHANGE. IT IS ESSENTIAL, HOWEVER, THAT THESE GOALS SHOULD BE SOUGHT THROUGH POLICIES WHICH MINIMISE ANY RESULTING COSTS IN TERMS OF REDUCED ECO

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NOMIC EFFICIENCY.

4. IT IS DIFFICULT FOR COUNTRIES TO SHIFT AWAY FROM DEFENSIVE ACTION TO PROP UP WEAK SECTORS UNLESS OVERALL DEMAND IS RISING FAST ENOUGH TO PROVIDE ALTERNATIVE EMPLOYMENT ELSEWHERE. EQUALLY, HOWEVER, A PROGRESSIVE SHIFT AWAY FROM DEFENSIVE POLICIES IS NECESSARY, ALONG WITH APPROPRIATE MACRO-ECONOMIC POLICIES, TO ENSURE SUSTAINED GROWTH. OTHERWISE, WITH LABOUR AND CAPITAL LOCKED INTO DECLINING ACTIVITIES, BOTTLENECKS WILL EMERGE AND RENEWED INFLATION WILL CONSTRAIN EXPANSIONARY POLICIES AND UNDERMINE THE RECOVERY. A PROGRESSIVE SHIFT TO MORE POSITIVE ADJUSTMENT POLICIES MUST, THEREFORE, BE AN INTEGRAL PART OF THE PROGRAMME OF CONCERTED ACTION FOR MORE SUSTAINED AND BETTER BALANCED ECONOMY.

5. WHILE THERE IS A CLOSE INTERRELATIONSHIP BETWEEN GROWTH AND ADJUSTMENT POLICIES, IT SHOULD NOT BE INTERPRETED RIGIDLY. IN SOME CASES, ACTION

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CAN AND SHOULD BE TAKEN IN ADVANCE OF ACHIEVING FASTER GROWTH. THIS APPLIES GENERALLY TO MEASURES DESIGNED TO AVOID INTRODUCING FURTHER RIGIDITIES

INTO THE ECONOMIC SYSTEM OR TO ALLEVIATE EXISTING ONES. IT MAY ALSO APPLY WHERE THE BUDGETARY COSTS HAVE BECOME TOO HIGH, OR WHERE LABOUR AND CAPITAL NEED TO BE SHIFTED IN THE INTEREST OF IMPROVING THE COMPETITIVE STRENGTH OF COUNTRIES WITH A WEAK BALANCE OF PAYMENTS, OR OF SHIFTING RESOURCES AWAY FROM THE EXPORT SECTOR IN COUNTRIES WITH AN EXCESSIVELY STRONG EXTERNAL POSITION. ON THE OTHER HAND, THERE MAY BE CASES WHERE THE PHASING OUT OF TEMPORARY MEASURES WITH A HIGH SHORT-TERM SOCIAL RETURN AND RELATIVELY LOW SHORT-TERM ECONOMIC COST CAN BE LEFT UNTIL APPRECIABLE PROGRESS HAS BEEN MADE IN REDUCING UNEMPLOYMENT.

6. IN SUM, A REASONABLY STRONG RISE IN AGGREGATE DEMAND AND THE PROSPECT OF SUSTAINED GROWTH ARE REQUIRED IF GOVERNMENTS ARE TO SHIFT TO MORE POSITIVE ADJUSTMENT POLICIES, BUT THE RISE IN DEMAND WILL NOT BE SUSTAINABLE UNLESS SUCH A SHIFT IS STARTED AT THE EARLIEST POSSIBLE OPPORTUNITY.

INDUSTRIAL POLICY

7. IN RESPONDING TO REQUESTS FOR HELP FROM ENTERPRISES IN THE INDUSTRIAL SECTOR IN FINANCIAL DIFFICULTY, IT SHOULD BE RECOGNISED THAT UNDER NORMAL CONDITIONS THERE IS USUALLY A PRESUMPTION AGAINST SELECTIVE ACTION TO ASSIST LOSS-MAKING ACTIVITIES, IN FAVOUR OF MORE GENERAL MEASURES. WHERE THE DIFFICULTIES BEING ENCOUNTERED ARE MAINLY CYCLICAL, THEY WILL NORMALLY BE BEST HANDLED BY MEASURES TO LIMITED OFFICIAL USE

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FACILITATE ACCESS TO EXTERNAL SOURCES OF FINANCE AND TO RAISE DEMAND AND IMPROVE PROFITABILITY IN THE ECONOMY AS A WHOLE. EVEN WHERE THE DIFFICULTIES ARE MORE DEEP-SEATED, REFLECTING UNANTICIPATED ADVERSE TRENDS IN DEMAND OR COMPETITION FROM OTHER SOURCES OF SUPPLY, SPECIAL INTERVENTION WILL NORMALLY ONLY BE JUSTIFIED IF THE ECONOMIC OR SOCIAL COSTS OF THE NECESSARY ADJUSTMENTS ARE LIKELY TO BE UNACCEPTABLY HIGH IN THE SHORT RUN, AND CANNOT BE ADEQUATELY HANDLED THROUGH EXISTING POLICIES TO EASE THE BURDENS OF ADJUSTMENT. THUS, CASES WHERE SPECIFIC ACTION TO PROTECT OR SUPPORT INDIVIDUAL SECTORS OR COMPANIES IN FINANCIAL DIFFICULTY CAN BE JUSTIFIED, AND ARE LIKELY TO BE SUCCESSFULLY, SHOULD BE RELATIVELY RARE.

8. WHERE, NEVERTHELESS, GOVERNMENTS FIND IT NECESSARY TO INTERVENE, EXPERIENCE HAS SHOWN THE IMPORTANCE

OF THE FOLLOWING CRITERIA:

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(I) ACTION SHOULD BE TEMPORARY AND
SHOULD, WHEREVER POSSIBLE, BE REDUCED PROGRESSIVELY
ACCORDING TO A PRE-ARRANGED TIMETABLE.

(II) SUCH ACTION SHOULD BE INTEGRALLY
LINKED TO THE IMPLEMENTATION OF PLANS TO PHASE
OUT OBSOLETE CAPACITY AND RE-ESTABLISH
FINANCIALLY VIABLE ENTITIES, WITHOUT, HOWEVER,
SEEKING TO RAISE PRICES ABOVE LEVELS PROVIDING AN
ADEQUATE RETURN TO EFFICIENT PRODUCERS.

(III) THE COST SHOULD BE MADE AS
EVIDENT AS POSSIBLE TO DECISION-MAKERS AND THE PUBLIC
AT LARGE. CAREFUL ATTENTION SHOULD BE PAID TO THE
COST TO CONSUMERS OF ACTION WHICH RAISES PRICES, TO
THE COST TO TAXPAYERS, AND TO THE EFFECTS OF
SUBSIDIZED COMPETITION ON EMPLOYMENT ELSEWHERE.

(IV) WHERE PUBLIC FUNDS ARE BEING
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INJECTED INTO THE PRIVATE SECTOR, IT IS DESIRABLE THAT PRIVATE RISK CAPITAL SHOULD BE INVOLVED.

(V) ASSISTANCE GIVEN ON A COMPANY-BY-COMPANY BASIS SHOULD BE FRAMED SO AS TO PROVIDE AN INCENTIVE FOR IMPROVED MANAGEMENT PRACTICES, NOTABLY BY ENSURING SUFFICIENT DOMESTIC AND INTERNATIONAL COMPETITION.

(VI) WHERE THE PRIMARY OBJECTIVE IS TO SUPPORT EMPLOYMENT IN PARTICULAR REGIONS OR TOWNS, CONSIDERATION SHOULD BE GIVEN TO ACTION THAT CAN BENEFIT ANY ELIGIBLE COMPANY IN THE AREA CONCERNED, RATHER THAN ONLY THOSE IN FINANCIAL DIFFICULTY.

((VII) WHILE RECOGNISING THAT GOVERNMENTS MUST PAY DUE REGARD TO THE INTERESTS OF NATIONAL SECURITY, CARE SHOULD BE TAKEN TO SEE THAT ARGUMENTS FOR PROTECTION AND SUPPORT BASED ON CONSIDERATIONS OF SELF-SUFFICIENCY ARE NOT BEING MIS-USED.)

9. TO VARYING DEGREES, OECD GOVERNMENTS HAVE TRIED TO FOLLOW INDUSTRIAL POLICIES AIMED AT "PICKING EXPERIENCE SHOWS, HOWEVER, THAT THIS IS FAR FROM EASY, PARTICULARLY FOR INDUSTRIAL COUNTRIES AT THE FRONTIERS OF TECHNOLOGICAL PROGRESS AND CHANGING PATTERNS OF CONSUMPTION, AND POSSESSING ROUGHLY SIMILAR FACTOR ENDOWMENTS AND MANAGEMENT SKILLS.

10. THERE ARE, HOWEVER, DIRECTIONS IN WHICH, ACCORDING TO COUNTRY CIRCUMSTANCES, POLICY MAY SEEK LIMITED OFFICIAL USE

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TO SUPPLEMENT MARKET FORCES IN PROMOTING DESIRABLE DEVELOPMENTS. FOR EXAMPLE:

(I) THERE ARE CERTAIN AREAS WHERE MARKETS ARE UNLIKELY ADEQUATELY TO REFLECT AND ANTICIPATE FUTURE ECONOMIC AND SOCIAL NEEDS. THIS APPLIES, FOR EXAMPLE, TO RESEARCH AND DEVELOPMENT AND INVESTMENT IN PRODUCING AND SAVING ENERGY; TO IMPROVEMENTS IN ENVIRONMENTAL QUALITY, HEALTH CARE, URBAN INFRASTRUCTURE, ETC.

(II) RECENT DIFFICULTIES HAVE CAUSED MANY COMPANIES TO REDUCE LONG TERM RESEARCH IN ADVANCED TECHNOLOGIES INVOLVING LARGE INVESTMENTS, IN FAVOUR OF RESEARCH TO MEET MORE IMMEDIATE REQUIREMENTS.

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GOVERNMENTS SHOULD, THEREFORE, ENSURE THAT ADEQUATE INCENTIVES FOR LONG-TERM RESEARCH AND DEVELOPMENT EXIST.

(III) SINCE MUCH TECHNOLOGICAL PROGRESS AND RESPONSE TO CHANGES DEMANDS HAS COME FROM SMALL AND MEDIUM-SIZED COMPANIES, THERE IS A GOOD CASE FOR STRENGTHENING POLICIES DESIGNED TO ENSURE THAT THEY HAVE ADEQUATE ACCESS TO VENTURE CAPITAL AND INCENTIVES AND OPPORTUNITIES TO INNOVATE, SPECIALISE AND MODERNIZE.

EMPLOYMENT AND MANPOWER POLICIES

11. THE LONGER SLOW GROWTH CONTINUES, THE MORE IMPORTANT IT BECOMES TO ENSURE THAT MEASURES TO PROTECT EMPLOYMENT DO NOT PRESERVE UNVIALE INDUSTRIAL STRUCTURES, IMPEDE TECHNOLOGICAL CHANGE AND DISTORT TRADE FLOWS. THE VERY SUCCESS OF SUCH POLICIES

IN ALLEVIATING UNEMPLOYMENT CAN LEAD TO STRONG
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PRESSURES TO CARRY THEM FORWARD INTO THE MEDIUM
TERM.

12. THERE IS A PARTICULARLY STRONG LINK HERE BETWEEN
THE CONDITIONS FOR SUSTAINED ECONOMIC GROWTH AND A
SHIFT TO MORE POSITIVE ADJUSTMENT POLICIES. TO
MEET LONGER-RUN ECONOMIC AND SOCIAL OBJECTIVES:

(I) THERE SHOULD BE RENEWED EMPHASIS
ON SUPPLY MEASURES SUCH AS TRAINING, MOBILITY
AND PLACEMENT TO FACILITATE ADJUSTMENT TO SHIFTING
DEMANDS, TECHNOLOGICAL PROGRESS AND CHANGING PATTERNS
OF TRADE.

(II) JOB CREATION PROGRAMMES SHOULD BE
TARGETED MORE DIRECTLY TO BENEFIT CLEARLY-DEFINED
DISADVANTAGED GROUPS ENCOUNTERING STRUCTURAL EMPLOY-
MENT PROBLEMS (YOUTH, WOMEN, MINORITIES AND OTHER
TARGET GROUPS).

(III) GENERAL INCENTIVES TO PREVENT
REDUNDANCIES SHOULD BE PHASED OUT, OR REPLACED
BY SCHEMES WHICH ENCOURAGE TAKING ON ADDITIONAL
WORKERS IN OTHER ACTIVITIES.

(IV) TEMPORARY JOB CREATION SCHEMES
IN THE PUBLIC SECTOR WHICH MERELY SERVE TO
MAINTAIN EMPLOYMENT IN PLACE OF INCOME SUPPORT SHOULD
BE SCALED DOWN, WHILE CONTINUING TO DEVELOP PROGRAMMES
TO MEET LEGITIMATE NEEDS FOR INCREASED PUBLIC SER-
VICES.

13. ACTION IS ALSO NECESSARY TO REDUCE THE RIGIDITIES
AND DISTORTIONS IN THE LABOUR MARKET WHICH HAVE BECOME
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INCREASINGLY APPARENT UNDER CONDITIONS OF SLOW
GROWTH:

(I) IMPROVED JOB SECURITY CUSHIONS
THE IMPACT OF CHANGE ON INDIVIDUALS, GIVES THEM
MORE TIME TO ADJUST AND PROVIDES COMPENSATION FOR
THE ECONOMIC AND SOCIAL COSTS INVOLVED. AT THE
SAME TIME, HOWEVER, IT MAY SLOW DOWN NECESSARY

SHIFTS IN EMPLOYMENT AND MAY INHIBIT THE INVESTMENTS CALLED FOR BY TECHNOLOGICAL CHANGE; UNDER CONDITIONS OF SLOW GROWTH, IT ALSO DISCRIMINATES AGAINST THOSE WITHOUT JOBS. IN COUNTRIES WHERE THIS IS A SERIOUS PROBLEM, THERE IS A GOOD CASE FOR SHIFTING MORE OF THE COSTS OF CHANGING JOBS (REDUNDANCY PAYMENTS, RETRAINING, ETC.) FROM EMPLOYERS TO SOCIETY AS A WHOLE, EITHER BY TAKING THEM OVER DIRECTLY OR BY PROVIDING COMPENSATION THROUGH THE TAX OR TRANSFER SYSTEM.

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(II) COMPANIES' ABILITY TO COMPETE CAN BE HAMPERED AND DISTORTED BY ARRANGEMENTS FOR FINANCING SOCIAL SECURITY WHICH HAVE THE EFFECT OF LEVYING A HEAVY TAX ON EMPLOYMENT, PARTICULARLY ON THE LOWEST PAID WORKERS. THIS INTRODUCES AN UNNECESSARY BIAS IN FAVOUR OF LABOUR-SAVING INVESTMENT AND AGAINST LABOUR-INTENSIVE ACTIVITIES -- WHICH, PARADOXICALLY, THE GOVERNMENT MAY FIND ITSELF HAVING TO PROTECT OR SUBSIDISE TO ENABLE THEM TO COMPETE WITH COMPETITION FROM "LOW WAGE" COUNTRIES. THIS SITUATION IN THIS RESPECT VARIES GREATLY BETWEEN COUNTRIES, BUT IN SOME COUNTRIES THERE APPEAR TO BE GOOD GROUNDS FOR SHIFTING FROM WHAT ARE,

IN EFFECT, TAXES ON THE USE OF LABOUR, TO TAXES ON
INCOME OR EXPENDITURE.

(III) BETTER FUNCTIONING OF THE LABOUR
MARKET CALLS FOR EFFORTS BY GOVERNMENTS, UNIONS AND
EMPLOYERS TO ENSURE THAT THE STRUCTURE OF WAGES DOES NOT
INHIBIT THE ADJUSTMENT OF LABOUR SUPPLY TO CHANGING
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NEEDS AND ADVERSELY AFFECT THE EMPLOYMENT PROSPECTS OF
CERTAIN TYPES OF LABOUR.

14. THE CAPACITY AND WILLINGNESS OF LABOUR TO ADJUST
TO CHANGING EMPLOYMENT PATTERNS IS ALSO INFLUENCED BY
THE ARRANGEMENTS FOR PROVIDING INCOME SUPPORT TO THE UN-
EMPLOYED. WHILE SUCH ARRANGEMENTS ARE ESSENTIAL TO
ALLEVIATE SOCIAL HARDSHIP, AND TO GIVE WORKERS TIME TO
FIND NEW JOBS SUITED TO THEIR NEEDS AND ABILITIES, THEY
SHOULD BE CAREFULLY DESIGNED TO ENSURE THAT, OVER TIME,
THEY DO NOT UNDULY AFFECT ATTITUDES TO WORK AND WILLING-
NESS TO ACCEPT NECESSARY CHANGE. UNDER CONDITIONS OF
PERSISTENT SLOW GROWTH, THERE IS ALSO AN INCREASING
NEED FOR SPECIAL EMPLOYMENT PROGRAMMES DIRECTED TO THE
LONG-TERM UNEMPLOYED.

(AGRICULTURAL POLICY

15. POLICIES TOWARDS AGRICULTURE HAVE TRADITIONALLY
BEEN INFLUENCED BY BROAD SOCIAL AND POLITICAL OBJECTIVES,
TAKING INTO ACCOUNT DIFFERENT NATIONAL CONDITIONS.
UNDER CONDITIONS OF SLOWER GROWTH, THESE POLICIES HAVE
HELPED TO SUPPORT AGRICULTURAL INCOMES AND EMPLOYMENT
AT A TIME WHEN THERE HAVE BEEN FEWER EMPLOYMENT OP-
PORTUNITIES FOR SURPLUS AGRICULTURAL LABOUR IN THE REST
OF THE ECONOMY. OVER TIME, HOWEVER, THIS INVOLVES
INCREASING COSTS IN TERMS OF SLOWING DOWN PRODUCTIVITY
GAINS DOMESTICALLY, AND REDUCING THE BENEFITS OBTAINABLE
FROM INTERNATIONAL SPECIALISATION BY RECOURSE TO LOW-
COST SOURCES OF SUPPLY. AT THE SAME TIME, THE TENDENCY
TOWARDS INCREASED SELF-SUFFICIENCY AND ACTUAL SURPLUS
UNDER HIGH-COST CONDITIONS SHIFTS THE BURDEN OF ADJUST-
MENT TO THE LOWER-COST PRODUCERS WITH AN ADVERSE IMPACT
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ON THE ABILITY OF THE AFFECTED COUNTRIES TO RESIST PRO-
TECTIONIST PRESSURES. UNDER PRESENT DIFFICULT CONDI-

TIONS WITH CONTINUING INFLATIONARY DANGERS, IT IS PARTICULARLY IMPORTANT TO ENSURE THAT AGRICULTURAL POLICIES, NO LESS THAN THE OTHER POLICIES DISCUSSED ABOVE, ARE DESIGNED TO ACHIEVE THEIR SOCIAL AND POLITICAL OBJECTIVES AT MINIMUM COST TO THE CONSUMER AND TAXPAYER, WITHOUT NEGLECTING THE LEGITIMATE INTERESTS OF THE AGRICULTURAL PRODUCERS AND WHILE ENSURING THE NECESSARY OVERALL FOOD SECURITY.) (FOOTNOTE: THREE COUNTRIES HAVE RESERVED THEIR POSITION ON THIS PARAGRAPH.)

REGIONAL POLICY

16. A RECENT OECD REVIEW OF REGIONAL POLICIES NOTED THAT THERE HAD BEEN A SHIFT TOWARDS ASSISTANCE WHICH WAS NOT REGIONALLY DIFFERENTIATED BUT WENT TO SECTORS OR ENTERPRISES FACING SEVERE STRUCTURAL PROBLEMS OR OTHER DIFFICULTIES. BUT SINCE SUCH SUPPORT WILL NOT HELP TO DEVELOP VIABLE NEW INDUSTRIES IN THE WEAK REGIONS, THERE WILL BE A STRONG CASE FOR SHIFTING THE EMPHASIS PROGRESSIVELY BACK TO MEASURES MORE LIKELY TO BE BENEFICIAL OVER THE LONGER TERM, SUCH AS THE PROVISION OF INFRASTRUCTURE AND REGIONALLY DIFFERENTIATED FISCAL ARRANGEMENTS.

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REGULATORY POLICY

17. IN ORDER TO INCREASE THE ABILITY OF THE ECONOMY TO ADJUST TO NEW CONDITIONS, GOVERNMENTS COULD DO MORE TO REDUCE THE UNCERTAINTIES AND THE ADDITIONAL COSTS CAUSED BY THEIR OWN POLICY ACTIONS. THIS IMPLIES EFFORTS TO AVOID UNNECESSARY REGULATION AND REPORTING REQUIREMENTS, AND TO MAINTAIN BETTER COORDINATION, CLARITY AND CONTINUITY IN GOVERNMENT REGULATIONS, INCLUDING THOSE REGARDING SAFETY, HEALTH AND THE ENVIRONMENT.

INTERNATIONAL CO-OPERATION

18. CONTINUATION OF DEFENSIVE MEASURES AND LACK OF LONGER-RUN RESTRUCTURING PROGRAMMES IN SOME COUNTRIES WILL MAKE IT POLITICALLY DIFFICULT FOR OTHERS TO PURSUE THEIR OWN ADJUSTMENT POLICIES. COLLECTIVE AGREEMENT ON THE NEED TO SHIFT FROM DEFENSIVE TO MORE POSITIVE ADJUSTMENT POLICIES AS PART OF A CONCERTED PROGRAMME LIMITED OFFICIAL USE

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FOR MORE SUSTAINED AND BETTER BALANCED GROWTH WILL MAKE IT EASIER FOR EACH MEMBER COUNTRY TO FOLLOW APPROPRIATE DOMESTIC POLICIES, AND TO NONOUR ITS COMMITMENTS UNDER THE OECD TRADE PLEDGE. IT IS ALSO AN AFFIRMATION OF MEMBER COUNTRIES' WILLINGNESS TO ADJUST TO CHANGES IN THEIR TRADE IN MANUFACTURES AND OTHER PRODUCTS WITH DEVELOPING COUNTRIES. CONTINUED EFFORTS FOR CO-OPERATION AND CO-ORDINATION OF ADJUSTMENT POLICIES IN THE APPROPRIATE FORA, WHEREBY CURRENT AND PERSPECTIVE DEVELOPMENTS ARE REVIEWED, ANALYSED AND DISCUSSED, SHOULD HELP GOVERNMENTS TO FORMULATE POLICIES WHICH TAKE INTO ACCOUNT POSSIBLE IMPACTS ON OTHER COUNTRIES AND INVOLVE A FAIR SHARING OF THE COSTS OF ADJUSTMENT.

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Draft Date: 06 jun 1978
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Disposition Case Number: n/a
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Secure: OPEN
Status: NATIVE
Subject: OECD MINISTERIAL PREPARATIONS: POSITIVE ADJUSTMENT POLICIES FOLLOWING IS TEXT OF SECRETARIAT'S REDRAFTED POSIT
TAGS: EGEN, US, OECD
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